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RUEHBO/AMEMBASSY BOGOTA PRIORITY 1658  
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 2334  
RUEHRG/AMCONSUL RECIFE PRIORITY 4033  
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 8627  
RUEAIIA/CIA WASHDC PRIORITY  
RUEHC/DEPT OF LABOR WASHDC PRIORITY  
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RUEAWJF/DEPT OF JUSTICE WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 04 SAO PAULO 000117

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TAGS: [PHUM](#) [SCUL](#) [SOCI](#) [EAID](#) [ELAB](#) [ECON](#) [BR](#)

SUBJECT: BRAZIL,S ECONOMIC GROWTH, INDIGENOUS RIGHTS, AND  
FORCED LABOR

REF: A) 07 BRASILIA 2289 B) SAO PAULO 39 C) SAO PAULO

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Classified By: Consul General Thomas White; reasons 1.4 (b) and (d).

Summary

1. (SBU) Despite the mostly encouraging news regarding Brazil's rapid economic growth, new trade and industry development is increasingly coming into conflict with the country's indigenous communities. The demarcation of indigenous lands allows for a degree of legal protection; however, even when the federal government clearly demarcates a territory for the sole use of the native Brazilian community, infrastructure projects and agricultural priorities often trump indigenous rights. The potential for abuse of indigenous people through forced labor or debt slavery is also a serious concern as indigenous lands come into conflict with development. As Brazil's economy continues to expand, policymakers will be forced to seek greater balance between development and indigenous rights.  
End Summary.

Demarcation: First Challenge

2. (SBU) Indigenous community contacts told Poloff that the government's failure to demarcate indigenous lands clearly, or in some cases at all, is the principal reason the indigenous are so easily exploited (ref A). Brazilian law provides indigenous people the exclusive beneficial use of the soil, waters, and minerals on demarcated indigenous lands, but indigenous activists complain that communities' participation in government demarcation decisions is limited and indigenous lands are not adequately protected from

outsiders who exploit their territories. According to a variety of human rights contacts as well as the National Indigenous Foundation (FUNAI), the government agency charged with handling indigenous issues, non-indigenous persons continue to engage in illegal mining, logging, and agriculture, frequently damaging the environment and wildlife, spreading disease, and provoking violent confrontations. FUNAI acknowledges that resources available to protect indigenous lands from encroachment are insufficient.

¶3. (SBU) According to the Indigenous Missionary Council (CIMI), a Catholic Church organization that researches and provides assistance to Brazil's indigenous, at the end of 2007, 343 native areas had reached the final registration stage of demarcation. The government was analyzing the status of 247 additional communities, and 224 had yet to enter the demarcation process. CIMI experts claimed that FUNAI had yet to recognize at least 200 contested areas as indigenous because of pressure placed on the GoB at various levels by non-indigenous landowners. FUNAI President Marcio Meira responded that many communities have yet to provide evidence to their claims as required in order to move the process forward.

#### Mining and Agricultural Conflicts

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¶4. (SBU) According to Jordi Ferere, an activist who started Sao Paulo's only native languages school, it is common practice throughout Brazil for large landowners to bribe and offer kickbacks to encourage judges to ignore clearly-drawn

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indigenous community borders and grant land concessions to these developers. Carlos Alberto Ricardo helps lead an NGO - "Instituto Socioambiental" (roughly translated as "Social-Environment Institute" - ISA) - that strives to protect both the environment and indigenous rights, and often partners with individual communities and the Brazilian federal government to help demarcate boundaries and advocate for native and environmental initiatives (USAID has worked with ISA on environmental protection in the past). According to Ricardo, cattle ranchers are particularly intrusive in expanding their property boundaries around the areas in the Amazon with high deforestation rates. Noting that native reservations in the Amazon are clearly demarcated compared with the rest of Brazil, he attributed the high incidence of cattle encroachment on indigenous lands to borders that are difficult to detect or defend. Ricardo explained that some of the reservations are so large even the indigenous that inhabit the area have a hard time patrolling the boundaries of their lands and keeping out zealous farmers.

¶5. (C) Professor Lucia Helena Rangel, a Catholic University of Sao Paulo (PUC-SP) anthropologist and historian, claimed that there are some politicians who have broad and diverse business interests and are involved in allowing farmers to encroach on native reservations. According to Rangel, Senator Romero Juca Filho, a former FUNAI president, erstwhile governor of Roraima State, and presently government coalition leader in the Senate, is "the chief violator of indigenous rights when business interests are at stake." Rangel alleged that Juca, an author of a bill that would open up indigenous reservations to mining companies, actually hired mercenaries to intimidate, and at times even kill, native Brazilians who inhabited areas that could be used for agricultural expansion. (Comment: We have no evidence corroborating this allegation, though indigenous activists without exception label Juca as one of most actively pro-business and anti-indigenous rights politicians. End Comment.) On the other hand, ISA's Ricardo said that while there are cases in which mining companies have unlawfully entered native reservations, it is not rare for some indigenous communities to invite mining interests to explore within the native territories in return for part of the

companies' profits. He noted that when, as frequently happens, the government fails to uphold the boundaries of some of the reservations, some indigenous populations are "realistic" and collaborate with the miners because they know that they will not be able to force the companies out so they might as well make some money for themselves.

#### Infrastructure Incursions

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¶6. (SBU) Selma Gomes, Coordinator for Indigenous Peoples' Programs at the NGO Pro-Indian Commission of Sao Paulo (CPI-SP), stated that native communities in Sao Paulo, the most populous and developed state, are particularly vulnerable to development conflicts. Gomes pointed to a port project between the coastal towns of Peruibe and Itanhaem as a prime example of the "development versus native Brazilian" dynamic. According to Gomes, businessman Eike Batista offered a USD 3 billion plan to build what would be Brazil's largest port in an area that FUNAI claims is an indigenous territory inhabited by 340 members of the local Tupi-Guarani people. FUNAI began studying the village's demarcation request eight years ago and has petitioned the local municipalities not to accept any sale in the region until the boundary limits are defined. Gomes admitted that while the cities have not yet sold the land, local politicians are

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pushing for the sale because the project would bring thousands of jobs to their cities.

¶7. (SBU) Gomes noted that the Rodoanel (ring road around the Sao Paulo metropolitan area) project is also of major concern to the indigenous communities in the Paralheiros District in the far south of Sao Paulo municipality. According to Gomes, the ring road (ref C), a huge infrastructure initiative designed to alleviate the municipality's severe traffic congestion, would require the removal of at least two indigenous villages. While FUNAI consulted with these communities and supported their impact studies, she said the state and city ignored these findings and construction is under way.

¶8. (U) ISA is also active in trying to stop construction of a hydroelectric dam, Paranatiga II in Mato Grosso State, in an area that 14 indigenous groups consider sacred. Additionally, the NGO is working on halting the building of the downstream Belo Monte dam. In both cases, ISA is providing legal advice to the indigenous communities. According to human rights contacts, these two initiatives represent only a fraction of the dozens of dams projected in President Lula's "Light for All" program, a major federal government social program designed to generate electricity for sixteen municipalities in north-central Brazil. (Note: "Light for All" is partially supported by funding from USAID. End Note.) While the rural electrification is undoubtedly needed, many of the proposed dams would infringe on areas inhabited by indigenous Brazilians.

#### Forced Labor?

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¶9. (U) In addition to the land rights issues, a November 2007 case highlights how the rush to develop new businesses may overlook the rights of indigenous workers. According to media reports, a Ministry of Labor (MTE) inspection group responsible for investigating businesses accused of employing forced labor found 820 indigenous Brazilian "slaves" working at a sugar and ethanol mill during a surprise visit. The MTE team promptly shut down operations in the Brasilandia, Mato Grosso do Sul State plant after finding overcrowded and unsanitary workers' dormitories. Additionally, the MTE accused the employer of tax evasion and late payment of wages. Inspectors found the mill itself to be full of leaking pipes and fermenting sugarcane byproducts, apt for the spread of bacteria. The MTE forced the company to

start paying its former employees immediately although FUNAI reported that many of the laborers had returned to their villages. Although the MTE acknowledges a historical pattern of forced labor in the sugarcane field, business contacts tell us that this is far from the norm in the ethanol industry or in other sectors of Brazil's growing economy. They indicate that if indigenous persons are used in forced labor in some parts of the country, the phenomenon is extremely rare. (Note: Business views contradict the findings of the MTE whose mobile inspection teams released 5,877 forced laborers in 2007, 53 percent of which were involved in sugarcane production. End Note.) Particularly in the sugar and ethanol industry, business leaders note, Brazil is moving rapidly towards mechanized harvesting, reducing dependence on manual labor in the area most prone to abusive practices.

¶10. (SBU) Professor Rangel commented that all too often, native interests collide with sugarcane farmers, cattle ranchers and logging and mining companies. She said she

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often hears complaints from her contacts about debt slavery involving indigenous Brazilians in these industries, as well as in cotton and rubber tapping, particularly in the Amazon, which she also described as a region lacking law enforcement oversight. Leonardo Sakamoto, Coordinator of Reporter Brasil, the largest organization combating forced labor in Brazil, noted that forced labor may affect indigenous communities more than the general population as native Brazilians may be less aware of their basic human rights. Without significant economic alternatives, the indigenous are frequently willing to work in poor conditions and get paid minimal salaries, Sakamoto said. Marcos Terena, a native Brazilian and director of the Indigenous Community Memorial, Brasilia's national indigenous museum, said that the greatest challenge the community faces today is a lack of capacity-building and training opportunities. Such vulnerabilities open indigenous regions for forced labor exploitation. (Note: conflicts with the indigenous in Mato Grosso do Sul State are more common than in other areas where native Brazilians live. According to CIMI, 48 indigenous were killed in the state in 2007, the highest number in almost 30 years. End Note.)

Comment

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¶11. (SBU) Brazil's indigenous communities lack the capacity and political support necessary to check development and encroachment on native lands. It would take more than finalizing the demarcation of indigenous lands and excluding unwanted economic actors from encroaching on their territories; training the indigenous to work in non-traditional sectors is vital for their communities to survive. Additionally, while indigenous activists point to some successes in stopping development projects, regardless of land demarcation status, the reality is that the struggle between industrialists and indigenous interests is going to continue. The government needs to develop a more coherent policy to protect and to balance the conflicting interests and teach the indigenous to survive in this new environment. Without taking these measures, Brazil's growing economy will continue to destroy an important element of the country's cultural heritage, its indigenous population. End Comment.

¶12. (U) This cable was coordinated with and cleared by Embassy Brasilia.  
WHITE